

MEMO# 11492

December 23, 1999

INSTITUTE DRAFT COMMENT LETTER ON SEC PROPOSED RULES GOVERNING HOUSEHOLDING OF PROXY MATERIALS

* See Memorandum to Closed-End Investment Company Committee No. 44-99, Investment Advisers Committee No. 16-99, Operations Committee No. 43-99, SEC Rules Committee No. 96-99, Small Funds Committee No. 18-99, Transfer Agent Advisory Committee No. 70-99, and Unit Investment Trust Committee No. 31-99, dated November 12, 1999. [11492] December 23, 1999 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 49-99 INVESTMENT ADVISERS COMMITTEE No. 20-99 OPERATIONS COMMITTEE No. 49-99 SEC RULES COMMITTEE No. 110-99 TRANSFER AGENT ADVISORY COMMITTEE No. 81-99 UNIT INVESTMENT TRUST COMMITTEE No. 33-99 RE: INSTITUTE DRAFT COMMENT LETTER ON SEC PROPOSED RULES GOVERNING HOUSEHOLDING OF PROXY MATERIALS

As we previously reported, the Securities and Exchange Commission recently proposed for comment amendments to rules under the Securities Act of 1933 and the Securities Exchange Act of 1934 that would allow the householding of proxy materials.* Attached and summarized below is a draft of the Institute's comment letter on the proposal. The letter supports the proposal, but recommends changes to the proposal to apply consistent rules to the householding of prospectuses, shareholder reports and proxy materials. Specifically, the draft letter urges the Commission to conform the proposed 90-day notice period for implied consent to proxy material householding to the 60-day period applicable to prospectuses and shareholder reports, and to permit companies to mail the implied consent notice along with other materials. In addition, the letter requests changes to the final rules governing the householding of prospectuses and shareholder reports (and the proposed rules governing proxy materials) to permit householding by implied consent to shareholders who do not share the same last name, and to allow flexibility in the addressing of househanded material. Please note particularly that, in lieu of specific rules governing the addressing of househanded materials, the letter suggests certain disclosures in the implied consent notice or written consent form concerning the procedures that the company will follow (e.g., househanded materials will be addressed to only one of the shareholders residing at the same address). In addition, the draft letter responds to certain questions posed in the Commission's proposing release. The letter asserts that (1) funds and other issuers should decide whether intermediaries should household to beneficial owners; (2) householding to investment advisers and ERISA investment managers with proxy voting authority for multiple accounts should be permitted without reliance on the householding rules; and (3) the prospectus householding rule should be expanded to cover all prospectuses, including those relating to business combination transactions, exchange offers and reclassifications of securities. Comments on the proposal are due to the SEC by

Tuesday, January 18, 2000. If you have any comments on the draft comment letter, please contact me (telephone: 202/371-5432, fax: 202/326- 5827, or e-mail: kireland@ici.org) no later than Monday, January 10, 2000. Kathy D. Ireland Associate Counsel Attachment

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